

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 325

Introduced by Assembly Member Beall

February 18, 2009

~~An act to add Section 11322.55 to the Welfare and Institutions Code, relating to CalWORKs. An act to add Section 12092 to the Government Code, relating to community service programs.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 325, as amended, Beall. ~~CalWORKs: earned income tax credit outreach. Federal Earned Income Tax Credit: community outreach.~~

Existing law requires each county to provide cash assistance and other social services to needy families through the California Work Opportunity and Responsibility to Kids (CalWORKs) program, using the federal Temporary Assistance to Needy Families (TANF) program, state, and county funds.

Existing law declares the intent of the Legislature to maximize the ability of CalWORKs recipients to benefit from the federal Earned Income Tax Credit (EITC), and to educate and empower recipients to save or invest all or part of their credits in specified instruments. ~~Existing law also declares the intent of the Legislature that counties encourage CalWORKs recipients to participate in activities that will maximize their receipt of the EITC, and authorizes counties to undertake prescribed actions for that purpose.~~

~~Existing law requires the State Department of Social Services to develop guidelines that counties may adopt to carry out the intent of these provisions. Existing law also requires the department to present~~

options to the Governor and Legislature for any legislation necessary to further carry out these provisions.

~~This bill would state the intent of the Legislature to subsequently amend this measure by enacting legislation that would require the department to implement the recommendations contained in the report published pursuant to existing law, pertaining to Earned Income Tax Credit outreach.~~

Existing law establishes the Department of Community Services and Development, which has prescribed duties relating to the administration and coordination of certain antipoverty programs.

This bill would designate the department as the lead agency responsible for implementing federal Earned Income Tax Credit (EITC) outreach programs. This bill would require the department to coordinate its federal EITC outreach efforts with prescribed entities, as specified, to increase the number of eligible persons in this state who apply for and receive the federal EITC.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Needy Family Economic Stimulus Act of 2009.
- 3 SEC. 2. The Legislature finds and declares all of the following:
- 4 (a) Republican President Gerald Ford enacted the Earned Income
- 5 Tax Credit (EITC) in 1975, in part to offset the burden of social
- 6 security taxes and to provide an incentive to work. The benefits
- 7 are 100 percent federally funded, and the average benefit among
- 8 families with children is \$2,100. The maximum credit is \$4,824.
- 9 (b) According to the Internal Revenue Service, California left
- 10 70 percent, or \$10 billion, of unclaimed EITC money “on the table”
- 11 in 2004, the last year that this data was collected.
- 12 (c) The EITC produces substantial increases in employment
- 13 and reductions in welfare receipt among single parents. The EITC’s
- 14 success led 22 states to enact their own state EITC. The United
- 15 Kingdom has introduced an EITC that resulted in substantially
- 16 decreasing child poverty.
- 17 (d) California’s Legislative Analyst’s Office states that, like
- 18 food stamps, the EITC has a multiplier effect of between \$1.50
- 19 and \$2.00 and will produce sales and use tax revenues to the state.

1 In fact, once the application is received, benefits can start
2 immediately through a paycheck or a refund, if the applicant owes
3 fewer taxes. A refund check arrives within 10 days.

4 (e) Through the Volunteer Income Tax Assistance (VITA) sites,
5 free tax assistance is available to help people apply for EITC
6 through the county welfare departments and nonprofit
7 organizations.

8 (f) According to the National Bureau of Economic Research,
9 the United States is in a recession that started in December 2008.

10 (g) Many states are experiencing budget deficits as income,
11 property, and sales taxes plummet. California's budget deficit is
12 an unprecedented \$40 billion the 2009–10 fiscal year. As of
13 January 2009, California has an unemployment rate of ~~9.3~~ *10.1*
14 percent. As California's revenues plummet, the countercyclical
15 nature of the state's safety net needs increases, creating a tension
16 between funding needs and abilities.

17 (h) California's safety net for vulnerable seniors, persons with
18 disabilities, families, and children has never been more
19 compromised. The state's fiscal challenges are forcing counties
20 to face their own dramatic budget deficits, forcing them to take
21 deleterious measures such as cutting over-match funds, reducing
22 services, eliminating contracts, eliminating positions held vacant
23 due to lack of funding, and, in a growing number of counties,
24 laying off staff and instituting work furloughs that range from a
25 few days to weeks. Hundreds of staff, and the many direct client
26 services that they support, will be lost in the programs that counties
27 administer.

28 (i) It is widely reported that food banks are experiencing a
29 decline in private donations and have nearly exhausted their federal
30 Emergency Food Assistance Program funding. Food prices have
31 increased by 5.9 percent. According to Feeding America, the
32 demand for food bank services has increased by 30 percent.

33 (j) The nation's traditional hunger program, the Supplemental
34 Nutrition Assistance Program, formerly known as the Food Stamp
35 Program, has seen a 33 percent increase in food stamp applications
36 in California between September 2007 and September 2008.

37 (k) California's welfare-to-work program, the California Work
38 and Responsibility to Kids (CalWORKs) program has seen a 22
39 percent increase in applications, while program funding for
40 counties has been cut. These funding cuts are causing significant

1 reductions in the supportive services, such as domestic violence
2 services, transportation, housing assistance, and remedial education,
3 that are necessary for clients to secure and maintain employment
4 and achieve lasting self-sufficiency.

5 (l) Chapter 622 of the Statutes of 2007 delineated many
6 legislative intentions in regard to maximizing the ability of
7 CalWORKs recipients to benefit from the EITC, including, among
8 others, educating and empowering CalWORKs recipients to apply
9 for and receive the EITC, and saving or investing that credit.
10 Additionally, a provision of Chapter 622 required the State
11 Department of Social Services to deliver a report to the Legislature
12 by December 1, 2008, regarding the development of guidelines
13 that counties may adopt to carry out the Legislature's declared
14 intentions and the presentation of options to the Governor and the
15 Legislature for any legislation necessary to further carry out the
16 declared intentions of the Legislature.

17 ~~SEC. 3. Section 11322.55 is added to the Welfare and~~
18 ~~Institutions Code, to read:~~

19 ~~11322.55. It is the intent of the Legislature to subsequently~~
20 ~~amend this measure by enacting legislation that would require the~~
21 ~~department to implement the recommendations contained in the~~
22 ~~report published pursuant to subdivision (c) of Section 11322.5,~~
23 ~~pertaining to Earned Income Tax Credit outreach.~~

24 *SEC. 3. Section 12092 is added to the Government Code, to*
25 *read:*

26 *12092. (a) Based on its role as the lead agency responsible*
27 *for administering other federal programs that aid low-income*
28 *persons, the department shall be the lead agency responsible for*
29 *administering federal Earned Income Tax Credit (EITC) programs*
30 *in this state.*

31 *(b) Pursuant to subdivision (a), the department shall be*
32 *responsible for efforts designed to increase the number of eligible*
33 *persons in this state who apply for and receive the federal EITC.*

34 *(c) The department, upon appropriation by the Legislature of*
35 *nonfederal General Fund moneys for purposes of EITC outreach*
36 *programs, shall do the following:*

37 *(1) Coordinate with the department's statewide network of*
38 *community-based organizations to increase educational and*
39 *outreach programs for residents that are eligible for the federal*
40 *EITC.*

1 (2) *Coordinate with the department's statewide network of*
2 *community-based organizations to support the development and*
3 *expansion of Volunteer Income Tax Assistance (VITA) sites.*

4 (3) *Assist nonprofit organizations to expand their federal EITC*
5 *outreach and access efforts by using the competitive grant process.*

6 (4) *Coordinate with other state departments that also provide*
7 *services to low-income persons, including, but not limited to, the*
8 *State Department of Social Services, to increase participation in*
9 *the federal EITC by eligible persons in this state.*

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